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United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

JUN 18 1980

Honorable Philip M. Klutznick
Secretary of Commerce
Washington, D.C. 20230

Dear Secretary Klutznick:

We have reviewed the Transition Plan for Civil Operational Land Remote Sensing prepared by the National Oceanic and Atmospheric Administration (NOAA) for submission to the Office of Management and Budget, as called for in Presidential Directive/NSC-54. Your staff is to be commended for their analysis of the many complex policy and technical issues that are discussed in the document.

We are in agreement with all of the major recommendations of the Plan. Specific recommendations that are important to the Department of the Interior (DOI) include:

- 1) Capability of the Core System: Our analysis of the suggested core system indicates that the performance characteristics are appropriate objectives. We are aware that some technology developed by the National Aeronautics and Space Administration (NASA) and design studies by NOAA are necessary to meet these objectives. We will want to continue to have our technical people work closely with NOAA as the design studies progress, and we urge that efforts be made to accelerate the time schedule for launch of the core system configuration to avoid the consequences of other countries, such as Japan and France, pulling ahead of the U.S. with an improved and more cost-effective land remote sensing system.
- 2) Funding for the Core System: The core system should be implemented to serve a broad group of users that are within and outside the Federal Government. Like many other systems of broad national use, the capital investment required to implement the system should be provided as an appropriation to the agency which is responsible for the system (i.e., Department of Commerce). In our view, it would not be prudent for agencies such as DOI to seek new funds for a portion of this capital investment. An approach where several agencies are expected to seek new funds to cover the capital costs of a national system would have little chance of success when the internal budget reviews and congressional appropriations process are considered.

The resources of user agencies should be focused on data use from the system and not on procurement of general purpose flight hardware. DOI has been, and plans to continue to be, an active user of the data.

We also agree that special capabilities, in excess of the core system, should be funded by the agencies or organizations that have the special requirements that demand these capabilities. For Federal agencies, these would be specific items that should be justified through the appropriation process.

- 3) **Ownership of Data and Price Increases:** All users can participate in supporting the Civil Operational Land Remote Sensing System by recognizing the necessity to increase prices and abide by the rules that are established for paying a royalty fee for data that is reproduced. Our **experience in Landsat and aircraft data distribution over the past decade** has convinced us that granting exceptions is counterproductive to sound system financing. Care should be taken, as recommended in the report, not to increase prices too fast and not to make the prices so high that users are not able to purchase data and lose the benefits of the program.
- 4) **Operation of the System by a Government Corporation:** Within the guidelines that have been given in PD/NSC-54, this management alternative appears appropriate. It represents a position where transition to the private sector is possible after the program has had time to mature, without taking the risk of probable failure to achieve total private financing initially because the system may not be profitable in the immediate future.
- 5) **Future role of the EROS Data Center (EDC):** Your letter to me of April 29, 1980, suggested a meeting between NOAA Associate Administrator George Benton and Assistant Secretary Joan Davenport to consider alternatives for the future role of EDC. This meeting has taken place and both NOAA and DOI are proceeding to implement their agreed position that is discussed in the transition plan. This agreement calls for an orderly transfer of the Landsat data archiving and distribution functions to NOAA by fiscal year 1984, and the reconfiguration of EDC as an Interior Remote Sensing Science Center.

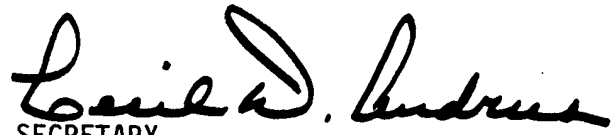
The EROS Data Center is the backbone of DOI's application of satellite land remote sensing data. The Center has had, and must continue to have, a key role in the development of DOI required applications techniques; the transfer of land remote sensing technology to DOI users; the processing and distribution of DOI unique satellite data products; and the archiving, reproduction, and distribution of large quantities of DOI acquired aerial mapping photography.

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We feel that this agreement provides for supporting the early phases of NOAA's transition to an operational program and will strengthen DOI's role as an effective user of the data.

We look forward to continued close cooperation with NOAA as the next phases of this important program develop. Your excellent transition plan is a start. We are prepared to assist the Department of Commerce in gaining acceptance of the Plan. Implementation of the Plan, once it is accepted, will take several years. We plan to participate actively with you during this implementation phase and look forward to a fully operational capability as soon as possible.

Sincerely,


SECRETARY